

STATEMENT

OF

REAR ADMIRAL WALTER T. PIOTTI, JR., USN
COMMANDER, MILITARY SEALIFT COMMAND

BEFORE THE

MERCHANT MARINE SUBCOMMITTEE

OF

THE HOUSE MERCHANT MARINE AND FISHERIES COMMITTEE

ON

AUTHORIZATION OF MARITIME PROGRAMS OF THE DEPARTMENT OF
TRANSPORTATION AND THE MARITIME ADMINISTRATION
FOR FISCAL YEAR 1987

20 FEBRUARY 1986

Rear Admiral Walter T. Piotti, Jr., USN
Commander, Military Sealift Command

Rear Admiral Piotti was born in Newton, Massachusetts on 19 April 1934. He graduated from the Massachusetts Maritime Academy in 1956 with a degree in Marine and Electrical Engineering.

Upon commissioning, he was ordered to the U.S. Naval Communications Facility, Port Lyautey, Morocco, for duty. He subsequently served as Engineering Officer aboard the destroyers USS McKEAN (DDR 784) and USS CUSHING (DD 797). He was part of the commissioning crew of the USS KING (DLG 10), serving as Weapons, and subsequently, Executive Officer. Additional sea duty included tours as Executive Officer, USS RICHARD E. KRAUS (DD 849); Commanding Officer, USS LESTER (DE 1022); Commanding Officer, USS GOLDSBOROUGH (DDG 20); and Commanding Officer, USS CHICAGO (CG 11). Flag sea duty as Commander, Cruiser-Destroyer Group FIVE saw him deploy as commander, Surface Combatant Task Force Western Pacific, and later as Commander, Battle Group "CHARLIE."

Rear Admiral Piotti is a 1964 graduate of the U.S. Naval Post Graduate School at Monterey. He has served ashore as Head of the Long Range Weapons Control Section, Bureau of Naval Weapons; Head of the Surface Missile Branch, Office of the Chief of Naval Operations; Special Assistant, Surface Warfare and later Executive Assistant and Senior Aide to the Director, Navy Program Planning; and as Executive Assistant to the Commander in Chief, U.S. Pacific Fleet. On selection to flag rank, Rear Admiral Piotti served as Director, Mobile Logistic Support Forces, Amphibious, Mine and Advanced Naval Vehicles Ship Division, and subsequently as Director, Surface Warfare Division in the Office of the Chief of Naval Operations.

Prior to reporting as Commander, Military Sealift Command, Rear Admiral Piotti served as Director, Office of Program Appraisal in the Office of the Secretary of the Navy.

Rear Admiral Piotti is married to the former Ruth Marie Giroux, also of Newton, Massachusetts. The Piotti's have three children, a son, Walter Scott, and two daughters, Karen Leslie and Elaine Michele.

THANK YOU VERY MUCH MR. CHAIRMAN FOR THIS OPPORTUNITY TO SUBMIT COMMENTS TO THE RECORD IN THESE PROCEEDINGS, WHICH ARE CONVENED TO ADDRESS THE VITALLY IMPORTANT TOPIC OF CONGRESSIONAL AUTHORIZATION OF MARITIME PROGRAMS OF THE DEPARTMENT OF TRANSPORTATION AND THE MARITIME ADMINISTRATION.

THE UNITED STATES NAVY AND THE U.S. MARITIME INDUSTRY ARE PARTNERS IN OUR NATIONAL DEFENSE NETWORK. THE MILITARY SEALIFT COMMAND (MSC), AN ARM OF THE UNITED STATES NAVY, IS CHARGED WITH THE MOVEMENT OF MATERIEL AND SUPPLIES IN TIME OF WAR AND WITH VARIOUS SCIENTIFIC AND TECHNICAL ACTIVITIES AS WELL AS FORWARD DEFENSIVE MILITARY ACTIVITIES IN PEACETIME. IN BOTH CASES, THE U.S. MARITIME INDUSTRY IS AN ABSOLUTELY INDISPENSABLE ADJUNCT TO OUR NATIONAL DEFENSE ACTIVITIES.

CONSEQUENTLY, OUR COMMAND HAS A CLEAR VESTED INTEREST IN THE WELL BEING OF THAT INDUSTRY AND IN THESE HEARINGS.

I BELIEVE THAT IT WILL BE BENEFICIAL TO ALL MEMBERS OF THE SUBCOMMITTEE IF I PROVIDE IN THIS STATEMENT FOR THE RECORD AN OVERVIEW OF: HOW MSC OPERATES; WHAT WE OPERATE AND WHERE; THE CURRENT STATE OF U.S. AND FOREIGN-FLAG COMMERCIAL FLEETS; PERCEPTION OF THE FUTURE OF THOSE FLEETS; AND RECENT MILITARY INNOVATIONS OCCASIONED BY CHANGES IN FORECASTS CONCERNING THE COMMERCIAL SECTOR.

THE NAVY'S MILITARY SEALIFT COMMAND IS THE SINGLE MANAGER FOR OCEAN TRANSPORTATION WITHIN THE MILITARY TRANSPORTATION TRIAD. IN CONCERT WITH THE AIR FORCE'S MILITARY AIRLIFT COMMAND AND THE ARMY'S MILITARY TRAFFIC MANAGEMENT COMMAND, WE CONSTITUTE THE DOD TRANSPORTATION OPERATING AGENCIES -- THE LARGEST TRANSPORTATION ORGANIZATION IN THE WORLD.

MSC IS A WORLDWIDE NAVY COMMAND WHICH IN PEACETIME EMPLOYS SOME 8,000 MILITARY AND CIVILIAN EMPLOYEES AND CONTRACT MARINERS. MSC'S CIVILIAN MANNED FLEET OF ABOUT 120 ACTIVE, NAVY OWNED OR CHARTERED SHIPS IS ENGAGED AROUND THE WORLD ON A DAILY BASIS IN PRIMARILY THREE FUNCTIONS:

-- DIRECT FLEET SUPPORT -- VIA THE NAVAL FLEET AUXILIARY FORCE -- A FORCE OF ABOUT 35 SHIPS THAT PROVIDES FUEL, AMMO, FOOD, SUPPLIES, SPARE PARTS, TOWING SERVICES AND OCEAN SURVEILLANCE TO AT-SEA NAVY COMBATANTS;

-- SPECIAL MISSION -- 23 OCEAN SURVEY, RESEARCH, CABLE AND OTHER SHIPS WHICH SUPPORT A VARIETY OF WORLDWIDE NAVY OPERATIONS;

-- THE REMAINING SIXTY ODD SHIPS, INCLUDING OUR FAST SEALIFT SHIPS AND MARITIME PREPOSITIONING SHIPS, ARE POINT-TO-POINT OCEAN CARRIERS -- OUR STRATEGIC SEALIFT -- WHICH ARE EMPLOYED TO SATISFY THE OCEAN TRANSPORTATION REQUIREMENTS OF THE GOVERNMENT.

ALTHOUGH MSC IS ASSUMING AN INCREASINGLY IMPORTANT FLEET SUPPORT ROLE AS THE U.S. NAVY GROWS TO 600 ACTIVE SHIPS, IT IS MSC'S STRATEGIC SEALIFT ROLE I WISH TO FOCUS ON TODAY -- BECAUSE IT IS HERE THAT WE MOST OFTEN DEAL WITH THE MARITIME INDUSTRY AND IT IS THIS ROLE WHICH HAS THE GREATEST IMPACT ON THE SIZE, COMPLEXION AND COST OF THE GOVERNMENT OWNED STRATEGIC SEALIFT FORCE.

TO MEET DOD AND OTHER GOVERNMENT PEACETIME SEALIFT NEEDS -- MSC CHARTERS SHIPS FROM THE U.S.-FLAG MERCHANT MARINE AND PLACES CARGO ON AMERICAN-FLAG COMMON CARRIERS THROUGH A HIGHLY COMPETITIVE BIDDING SYSTEM. IN FISCAL YEAR 1985, FOR EXAMPLE, ABOUT TWO-THIRDS OF OUR POINT-TO-POINT DRY CARGO WAS MOVED BY U.S.-FLAG CARRIERS UNDER SHIPPING AGREEMENTS. MOST OF THE REMAINING ONE-THIRD WAS CARRIED ON COMMERCIAL SHIPS CHARTERED TO MSC -- WITH LESS THAN THREE PERCENT OF THAT FIGURE MOVED ON SHIPS OWNED OUTRIGHT BY THE NAVY. THESE FIGURES DEMONSTRATE THAT MSC AND THE U.S. MERCHANT MARINE FORM A PARTNERSHIP THAT IS UNIQUE IN AMERICAN INDUSTRY. IN PEACETIME, IT IS A DYNAMIC COMMERCIAL RELATIONSHIP -- WITH MSC RELYING ALMOST ENTIRELY ON PRIVATE OPERATORS TO MOVE SEALIFTED CARGO.

HOWEVER, THE PRIMARY RESPONSIBILITY OF THE MILITARY SEALIFT COMMAND IS TO PROVIDE SEALIFT FOR STRATEGIC MOBILITY IN TIMES OF CRISIS OR CONFLICT IN DIRECT SUPPORT OF NATIONAL SECURITY OBJECTIVES. THIS DEMANDS A CAPACITY TO DEPLOY AND SUSTAIN MILITARY FORCES

WHENEVER AND WHEREVER NEEDED -- AS RAPIDLY AND AS LONG AS OPERATIONAL REQUIREMENTS DICTATE.

IN WAR, THE MSC/MERCHANT MARINE PARTNERSHIP IS ABSOLUTELY CRITICAL TO OUR NATION'S ABILITY TO SUCCESSFULLY DEPLOY AND SUSTAIN OUR FORCES OVERSEAS. YOU MAY RECALL HOW IMPORTANT TO BRITAIN'S FALKLAND ISLAND'S CAMPAIGN ITS 8,000-MILE CIVILIAN MANNED MERCHANT SUPPLY LINE WAS. IN ANY CONFLICT IN WHICH THE U.S. MAY BECOME INVOLVED, THE U.S. MERCHANT MARINE WILL PLAY A ROLE JUST AS ESSENTIAL TO THE MOVEMENT OF THE VAST AMOUNTS OF SUPPLIES AND UNIT EQUIPMENT NEEDED FOR A SUCCESSFUL OVERSEAS EFFORT. IT'S WELL TO KEEP IN MIND THAT MORE THAN 95 PERCENT OF ALL DRY CARGO AND 99 PERCENT OF ALL FUEL NEEDED TO SUPPORT OUR FORCES OVERSEAS MUST BE DELIVERED TO THEM BY SHIP. THERE IS SIMPLY NO OTHER PRACTICAL WAY TO GET THE JOB DONE.

IN A WARTIME SITUATION OUR FORCE REQUIRES CONSIDERABLE AUGMENTATION. THE ASHORE FORCE REQUIRES AUGMENTATION OF 6,000 RESERVE PERSONNEL INCLUDING THE NATIONAL DEFENSE EXECUTIVE RESERVE (NDER), MSC RESERVES, AND THE NAVAL CONTROL OF SHIPPING ORGANIZATION (NCSORG) AROUND THE WORLD, CONVOY COMMODORES AND THEIR STAFFS. THERE WOULD ALSO BE NEEDED A 2,000 MAN INCREASE IN THE CIVIL SERVICE SECTOR. AND THERE ARE ABOUT 11,000 MERCHANT MARINE PERSONNEL FROM THE PRIVATE SECTOR WHO WOULD BE REQUIRED TO MAN THE U.S. FLAG MERCHANT SHIPS, READY RESERVE FORCE, NATIONAL DEFENSE RESERVE FLEET, AND EFFECTIVE U.S CONTROLLED FLEET SHIPS IF NECESSARY.

SO, IN ROUND NUMBERS, IT WOULD TAKE ABOUT 24,000 PEOPLE TO MAN OUR NATIONAL SEALIFT ASSETS OF 733 SHIPS IN A WARTIME SCENARIO.

IF YOU ADDITIONALLY APPLY THE APPROPRIATE MANNING FACTOR FOR EUROPEAN AND OTHER ALLIED SHIPPING, YOU FIND 16,000 OR SO ALLIED PERSONNEL ARE REQUIRED TO CARRY OUT JOINT SHIPPING OPERATIONS. THIS BRINGS THE GRAND TOTAL OF WARTIME MANNING FOR ALL THESE AVAILABLE SHIPS -- U.S. AND ALLIED -- TO SOME 40,000 PEOPLE.

IT IS A NATIONAL IMPERATIVE THAT AN ADEQUATE MANPOWER POOL FOR THE NDRF AND THE RRF BE MAINTAINED TO SUPPORT OUR STRATEGIC SEALIFT FUNCTION. PLEASE REMEMBER THAT WE ENDED WORLD WAR II WITH 170,000 SEAFARERS. TODAY THERE ARE 34,000. IF WAR WERE TO BREAK OUT, NEEDED SEAFARERS CANNOT BE MASS PRODUCED WITH A SNAP OF THE FINGERS.

UNFORTUNATELY, EVEN WITH A NUMBER OF POLITICAL MEASURES UNDERTAKEN TO ENHANCE ITS STRENGTH, THE MERCHANT MARINE HAS BEEN SHRINKING IN SIZE AND CHANGING IN CHARACTER. WE ENDED WORLD WAR TWO WITH OVER 5,000 MERCHANT-TYPE SHIPS. TODAY, THE PRIVATELY OWNED U.S.-FLAG MERCHANT MARINE HAS SLIPPED TO LESS THAN 470 SHIPS AND ABOUT 80 OF THOSE ARE LAID UP. FOR THE FIRST TIME IN U.S. HISTORY OUR COMBATANT AND FLEET SUPPORT SHIPS OUTNUMBER THE MERCHANT FLEET.

THERE ARE MANY REASONS WHY THIS IS SO, NOT THE LEAST OF WHICH HAS BEEN THE VARIOUS DISRUPTIONS IN TRADE DURING THE PAST RECESSION

YEARS AND THE REDUCTION IN WORLD OIL DEMAND. THE BOTTOM LINE -- THERE ARE SIMPLY TOO MANY SHIPS PURSUING TOO LITTLE CARGO.

MOREOVER, UNLIKE MANY MARITIME NATIONS, OUR COMMERCIAL EXPORT-IMPORT TRADE IS AVAILABLE EQUALLY TO ALL COMERS. SO, AMERICAN-FLAG CARRIERS -- FREQUENTLY WITH HIGHER LABOR AND CAPITAL COSTS -- HAVE HAD TO STRUGGLE TO COMPETE FOR BOTH U.S. CARGOES AS WELL AS FOR INTERNATIONAL CARGOES. THE RESULT, AT PRESENT, IS THAT THE TANKER AND DRY-BULK SEGMENTS OF THE U.S. FLAG FLEET NOW CARRY LESS THAN 3 PERCENT OF THEIR RESPECTIVE FOREIGN TRADE CARGOES.

AT THE SAME TIME, MANY OTHER NATIONS HAVE SOUGHT TO DEVELOP OR MAINTAIN THEIR MERCHANT FLEETS THROUGH CARGO RESERVATION POLICIES MANIFESTED IN DISCRIMINATORY PRACTICES AGAINST OTHER FLAGS, CUT-THROAT PRICING AND DIRECT AND INDIRECT SUBSIDIES. THE U.S. ON THE OTHER HAND HAS APPLIED ITS CARGO RESERVATIONS ONLY TO DOD AND OTHER U.S. GOVERNMENT CARGO.

THESE FACTORS, AND OTHERS, HAVE LED TO A VERY ROUGH "SHAKE-OUT" OF THE U.S.-FLAG MERCHANT MARINE. TEN YEARS AGO, THERE WERE A DOZEN MAJOR U.S.-FLAG STEAMSHIP COMPANIES OPERATING IN THE INTERNATIONAL LINER TRADES. TODAY, THERE ARE ONLY SEVEN.

MORE OMINOUSLY, REFLECT ON THESE STATISTICS: AT THE END OF THE SECOND WAR THE U.S. HAD 5,000 MERCHANT SHIPS AVAILABLE -- THE

U.S.S.R. 500. BY 1985 THE U.S. HAD 500 AND THE SOVIETS ABOUT 1,800 ACCORDING TO NAVY INTELLIGENCE.

THE EXTREME COMPETITION IN THE MARITIME INDUSTRIES HAS CREATED PRESSURES FOR GREATER EFFICIENCY. THIS, IN TURN, HAS LED TO MORE CONTAINERIZATION OF CARGO AND EVER-LARGER SHIPS. THESE TRENDS, ALTHOUGH IMPORTANT FROM A COMMERCIAL STANDPOINT, HAVE SERIOUS MILITARY DRAWBACKS. EXTRA SIZE PRECLUDES ACCESS TO SOME PORTS. IN ADDITION, MUCH OF OUR MILITARY CARGO -- THE UNIT EQUIPMENT -- SIMPLY WILL NOT FIT IN STANDARD CONTAINERS AND SHORESIDE CONTAINER CRANES MAY NOT ALWAYS BE AVAILABLE DURING HOSTILITIES. THE SMALLER, TRADITIONAL FREIGHTERS, THE "BREAKBULK" SHIPS WHICH WERE OUR MILITARY LIFE BLOOD IN WORLD WAR II AND VIETNAM ARE BEING PHASED OUT. THEY ARE TOO EXPENSIVE TO OPERATE. SO, WE ARE NOT ONLY SEEING A DECLINE IN THE NUMBER OF U.S.-FLAG MERCHANT SHIPS, WE ARE ALSO HAVING TO CONTEND WITH A PRONOUNCED SHIFT TOWARD SHIPS THAT ARE LESS MILITARILY USEFUL.

UNFORTUNATELY, THE PUBLIC AND MOST SHIPPERS DO NOT APPRECIATE THE INTRICATE, MUTUALLY LIFE-SUSTAINING RELATIONSHIP BETWEEN THEIR CONTINUED, GENERALLY COMFORTABLE, WAY OF LIFE AND THE STRENGTH OF THE U.S. MERCHANT MARINE AND OUR NAVY. MOST SHIPPERS ARE FLAG COLOR BLIND; THEIR INTEREST REMAINS PROFIT -- AND THEY SHIP ACCORDINGLY. MOST BELIEVE IT IS ONLY THE U.S. GOVERNMENT, U.S. SHIP-BUILDERS AND U.S. CARRIERS WHO SELF-SERVINGLY VIEW THE NEED FOR A U.S. FLAG FLEET. ALL ARE QUICK TO FORGET THAT DURING PAST WARS

THE COST OF ECONOMIC SHIPPING ROSE 1,000 PERCENT DUE TO U.S. DOMESTIC MARINE SCARCITY. SHORTAGES WERE EXACERBATED BY THE LACK OF BOTTOMS, AND THE U.S. FLAG WAS THE ONLY TOTALLY RELIABLE SOURCE OF DEFENSE AND ECONOMIC SHIPPING.

AGAINST THIS BACKDROP -- THE NAVY HAS HAD TO UNDERTAKE A NUMBER OF NEW PROGRAMS TO ENHANCE THE STRATEGIC SEALIFT ASSETS UNDER ITS DIRECT CONTROL -- AND TO IMPROVE THE MILITARY USEFULNESS OF TODAY'S REMAINING MERCHANT SHIPS.

FIRST, WE DEPLOYED CARGO SHIPS LOADED WITH MILITARY SUPPLIES AND PREPOSITIONED THEM NEAR POTENTIAL TROUBLE SPOTS READY TO MARRY-UP WITH AIRLIFTED MARINES OR ARMY OR AIR FORCE UNITS. WE ESTABLISHED THIS FIRST NEAR TERM PREPOSITIONING FORCE IN 1980 AFTER A SERIES OF EVENTS IN SOUTHWEST ASIA CAUSED A REASSESSMENT OF OUR DEPLOYMENT CAPABILITIES IN THAT REGION. MOST OF THE ORIGINAL 18 SHIPS IN THIS FORCE WERE PREPOSITIONED IN THE INDIAN OCEAN -- AT DIEGO GARCIA -- WITH A FEW UNITS IN THE PACIFIC AND ONE IN THE MEDITERRANEAN. IN TOTAL THEY CARRIED ENOUGH EQUIPMENT AND SUPPLIES TO SUPPORT A FULL MARINE BRIGADE FOR 30 DAYS, PLUS MATERIAL AND AMMUNITION FOR ARMY AND AIR FORCE UNITS.

SECOND, WE DEVELOPED A PROGRAM DESIGNED TO REPLACE THE ORIGINAL NEAR TERM PREPOSITIONING FORCE WITH A PERMANENT MARITIME PREPOSITIONING FORCE -- 13 SHIPS SPECIFICALLY CONFIGURED TO REMAIN AT SEA FOR EXTENDED PERIODS, PREPOSITIONED ANYWHERE IN THE WORLD THAT

TROUBLE MAY BE BREWING AND READY TO PROVIDE IMMEDIATE LOGISTICAL SUPPORT. BY SEPTEMBER 1986 THE TOTAL OF 13 MARITIME PREPOSITIONING SHIPS WILL BE FULLY DEPLOYED. ELEVEN HAVE BEEN DELIVERED TO DATE. WHETHER SAILING THE WORLD'S OCEANS OR PREPOSITIONED NEAR POTENTIAL TROUBLE SPOTS. THEY GREATLY IMPROVE OUR CAPABILITY TO SUPPORT MILITARY FORCES WHEREVER NEEDED ON SHORT NOTICE.

THE MARITIME PREPOSITIONING SHIPS EACH CARRY A FULL RANGE OF MARINE CORPS CARGO, A SPREAD LOAD, FROM AMMUNITION AND ARTILLERY TO WATER AND RATIONS. IN ALL, THEY WILL CARRY ENOUGH EQUIPMENT AND SUPPLIES TO SUPPORT THREE FULL MARINE BRIGADES (50,000 MEN) FOR 30 DAYS. FIVE OF THE SHIPS ARE DEPLOYED TO DIEGO GARCIA, FOUR IN THE EASTERN ATLANTIC, AND THE LAST FOUR WILL BE IN POSITION IN THE VICINITY OF GUAM AND TINIAN IN THE WESTERN PACIFIC -- BY MID-1986.

THIRD, WE UNDERTOOK THE CONVERSION OF EIGHT LARGE CONTAINER-SHIPS INTO WHAT WE NOW CALL FAST SEALIFT SHIPS. THESE ARE THE MOST PRODUCTIVE AND THE FASTEST -- IN EXCESS OF 30 KNOTS -- CARGO SHIPS IN USE ANYWHERE IN THE WORLD. THEY WILL ALLOW US TO QUICKLY MOVE LARGE VOLUMES OF MILITARY EQUIPMENT FROM THE UNITED STATES TO DISTANT TROUBLE SPOTS. SEVEN OF THE FAST SEALIFT SHIPS HAVE BEEN DELIVERED, AND THE LAST OF THE NUMBER WILL BE OPERATIONAL NEXT MONTH.

FOURTH, WE HAVE STARTED AN AMBITIOUS EXPANSION OF THE READY RESERVE FORCE -- A POOL OF GOVERNMENT-OWNED CARGO SHIPS THAT CAN BE ACTIVATED AND FULLY MANNED IN 20 DAYS OR LESS. DURING 1984 AND 1985, THE RRF EXPANDED FROM 33 TO 72 SHIPS. BY THIS SUMMER THAT NUMBER WILL RISE TO 89. WE ARE BUYING BREAKBULKS AND RO-RO'S TO ACCOMMODATE OUR UNIT EQUIPMENT NEEDS. WE EXPECT THE RRF TO GROW TO AT LEAST 116 SHIPS BY 1991 ABOUT 16 OF WHICH WILL BE TANKERS. OUR RRF SHIPS ARE PRINCIPALLY LOCATED IN THE JAMES RIVER, AT SUISUN BAY, CALIFORNIA, AND AT BEAUMONT, TEXAS, WHILE OTHERS ARE BEING DISPERSED TO PORTS NEAR THE SHIPYARDS WHERE THEY WILL BE ACTIVATED.

FIFTH, WE HAVE BEGUN CONVERTING 12 CARGO SHIPS TO AUXILIARY CRANE SHIPS -- CAPABLE OF UNLOADING COMMERCIAL CONTAINERSHIPS UNDER A WIDE RANGE OF CONDITIONS -- MOST IMPORTANTLY IN PORTS WHERE THE CONTAINER CRANES HAVE BEEN DAMAGED BY ENEMY ACTION. TWO ARE CONVERTED, ONE IS UNDER CONVERSION AND THREE MORE ARE TO BE AWARDED CONTRACTS FOR THIS FISCAL YEAR. THIS IS ONE SOLUTION TO THE CHALLENGE OF MAKING TODAY'S CONTAINERSHIPS MORE MILITARILY USEFUL.

AND THERE ARE OTHER STRATEGIC SEALIFT PROGRAMS ON-GOING, 2 HOSPITAL SHIPS, 2 AVIATION SUPPORT SHIPS AND SPECIAL MODIFICATIONS TO SOME OF THE RRF SHIPS SO THAT, WHEN ACTIVATED, THEY CAN IMMEDIATELY AUGMENT OUR AUXILIARY FORCE IN DIRECT FLEET SUPPORT ROLES.

MR. CHAIRMAN, YOU CAN READILY SEE THAT THE NAVY IS VERY CONCERNED ABOUT SEALIFT -- AND IS DOING EVERYTHING POSSIBLE TO ENHANCE OUR STRATEGIC SEALIFT CAPABILITY. OUR PROGRAMS HAVE OBVIOUSLY BEEN UNDERTAKEN PRIMARILY TO SUPPORT OUR NATIONAL DEFENSE. BUT A MOST NEEDED AND WELCOME "BY-PRODUCT" OF OUR PROGRAMS IS THE SUBSTANTIAL BENEFIT THAT FLOWS TO OUR NATION'S MARITIME INDUSTRY. BEFORE 1980, VERY LITTLE WAS SPENT ON STRATEGIC SEALIFT; SINCE 1980 -- MORE HAS BEEN SPENT ON SEALIFT PROGRAMS THAN IN THE ENTIRE PERIOD SINCE WORLD WAR II. IN TERMS OF TOTAL DEFENSE DOLLARS, THE PERCENTAGE IS VERY SMALL. BUT IN TERMS OF BUSINESS FOR THE MARITIME INDUSTRY -- THE IMPACT IS VERY SIGNIFICANT.

DURING THE PERIOD FY 1982-89, APPROXIMATELY \$5.4 BILLION WILL BE SPENT FOR NEW SHIP CONSTRUCTION AND CONVERSION UNDER NAVY SEALIFT PROGRAMS. AT LEAST EIGHT DIFFERENT U.S. SHIPYARDS WILL SHARE IN THIS WORK, AS WILL SCORES OF COMPONENT MANUFACTURERS AND SHIPYARD SUPPLIERS. DURING THE SAME PERIOD, APPROXIMATELY \$13.4 BILLION WILL BE PAID TO SHIP OPERATORS FOR THE OPERATION AND MAINTENANCE OF SEALIFT SHIPS FOR THE NAVY. THE NEW SEALIFT SHIPS WILL PROVIDE NEARLY 3,000 SEAGOING JOBS AND I WOULD STRESS TO THIS SUBCOMMITTEE THAT IT IS FURTHER ANTICIPATED THAT BY FY 91 APPROXIMATELY HALF A BILLION MORE DOLLARS WILL BE ALLOCATED TO CONTINUE TO EXPAND OUR READY RESERVE FLEET.

THE NAVY RECOGNIZES THAT IT IS CLEARLY IN OUR NATIONAL INTEREST TO SUPPORT A STRONG MERCHANT MARINE. IN FACT, THE RECOVERY OF THE U.S. MARITIME INDUSTRY MUST BE VIEWED AS AN ESSENTIAL NATIONAL DEFENSE PRIORITY. OTHERWISE, THOSE CAPABILITIES NOT RESIDENT IN OUR MERCHANT FLEET MUST BE ATTAINED IN OUR GOVERNMENT FLEETS -- THE RRF AND NDRF -- WITH THEIR ATTENDANT VERY SIGNIFICANT ACQUISITION AND LIFE CYCLE COSTS. THIS EXPENSIVE ALTERNATIVE REQUIRES THAT THOSE FUNDS SORELY NEEDED TO DIRECTLY SUPPORT OUR COMBAT FORCES BE RAISED FROM TAXPAYERS.

IN PEACETIME, MSC WILL CONTINUE TO PURSUE SHIPPING POLICIES THAT MAKE MAXIMUM USE OF U.S.-FLAG SHIPS FOR THE MOVEMENT OF GOVERNMENT CARGO AND WE WILL PROVIDE THE MAXIMUM NUMBER OF JOBS FOR MERCHANT SEAMEN -- SO AS TO PRESERVE THIS PRIVATE BASE FOR EXPANSION IN AN EMERGENCY.

MR. CHAIRMAN, THANK YOU FOR THIS OPPORTUNITY TO SUBMIT THE MILITARY SEALIFT COMMAND'S COMMENTS TO THIS RECORD.